COMMONWEALTH OF MASSACHUSETTS
HEALTH POLICY COMMISSION

Health Care Innovation Investment Program Design

February 16, 2016

Timeline for the Health Care Innovation Investment Program

- The HPC announced the final design for Round 1 of the HCII program, which represents a $5,000,000 total opportunity for eligible providers

- A request for proposals (RFP) that details the challenge areas, eligibility, selection criteria and application process will be released in February

- Awards will be announced in July

- Funded initiatives are anticipated to begin an 18-month period of performance in Summer 2016

HCII in statute

Establishment of the Health Care Innovation Investment Program

- M.G.L. c. 6D § 7. Funded by revenue from **gaming licensing fees** through the Health Care Payment Reform Trust Fund
- Total amount of **$5 million from** Health Care Payment Reform Trust Fund
    - May be **supplemented** through Distressed Hospital Trust Fund for **CHART hospitals**
- **Competitive** proposal process to receive funds
- Broad eligibility criteria (*any payer or provider*)

Purpose of the Health Care Innovation Investment Program

- To **foster innovation** in health care **payment** and service **delivery**
- To **align** with and **enhance** existing funding streams in Mass. (e.g., DSTI, CHART, MeHI, CMMI, etc.)
- To support and further efforts to meet the **health care cost growth benchmark**
- To improve **quality** of the delivery system
- **Diverse uses** include incentives, investments, technical assistance, evaluation assistance or partnerships

Program development to date: stakeholder input and feedback

HPC Board Meetings

- April 29, 2015
- **January 20, 2016**

CHICI Committee Meetings

- February 25, 2015
- April 15, 2015
- October 14, 2015
- December 2, 2015
- January 6, 2016

HPC Advisory Council Meetings

- March 18, 2015
- May 13, 2015
- January 13, 2016

HPC Staff Meetings with Stakeholders

Payers
- Blue Cross Blue Shield of Massachusetts
- Massachusetts Association of Health Plans
- MassHealth

Providers
- Atrius Health
- Boston Children's Hospital
- Boston Healthcare for the Homeless
- Brigham and Women's Hospital
- Commonwealth Care Alliance
- Lowell General Physician Hospital Organization
- Massachusetts Child Psychiatry Access Project (MCPAP)
- Massachusetts General Hospital

Communities of Practice
- American Telemedicine Association
- The Network for Excellence in Health Innovation (NeHI)

Government
- Cambridge Housing Authority
- Commonwealth Corporation
- Department of Public Health (DPH)
- Executive Office of Elder Affairs
- Executive Office of Health and Human Services
- MassHealth
- Massachusetts eHealth Institute (MeHI)

Research & Foundation
- BCBSMA Foundation
- Center for Health Care Strategies
- Harvard School of Public Health
- Institute for Healthcare Improvement
- RAND Corporation
- The Kraft Center for Community Health
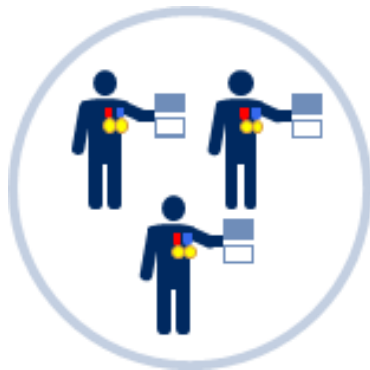- UCLA Global Lab for Innovation

Other Market Participants
- Aledade Health
- American Well
- Klio Health
- Patient Ping

…& 98 other market respondents to a public survey and all members of the HPC Advisory Council

HPC has engaged key health care innovation experts to support program design

Molly J Coye MD, MPH, MA

Strategic Advisor to the HPC

Dr Coye brings many years of experience in public health, government, large hospital systems, insurance companies, academia and nonprofits. Dr. Coye is **Social Entrepreneur in Residence** at NEHI. Previously she was **Chief Innovation Officer** for UCLA Health. Dr. Coye was also the **founder and CEO of the Health Technology Center** (HealthTech), a non-profit education and research organization established in 2000 that became the premier forecasting organization for emerging technologies in health care. Dr. Coye has also served as **Commissioner of Health** for the State of New Jersey, Director of the California State Department of Health Services, and Head of the Division of Public Health Practice at the Johns Hopkins School of Hygiene and Public Health.
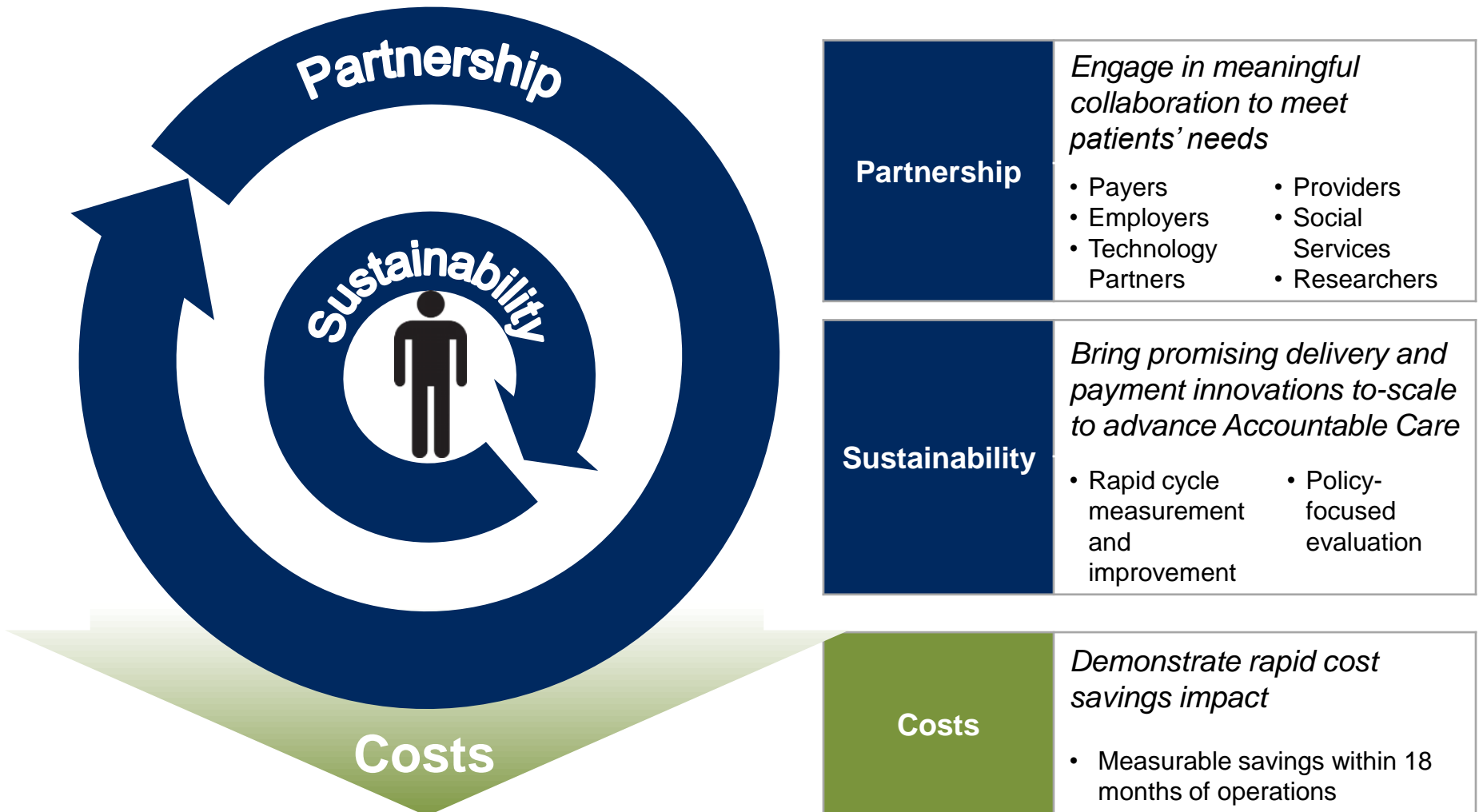
Dr. Coye holds MD and MPH degrees from Johns Hopkins University and an MA in Chinese History from Stanford University.

**HCII
Technical Advisory Group**

The HPC has also assembled a 10-member Technical Advisory Group (TAG) to support final design and implementation of the Health Care Innovation Investment Program. The TAG consists of credible, established experts from relevant fields. TAG members are:

- **Dr. Karen Feinstein**, Jewish Healthcare Foundation
- **Scott Lambert**, Ascension Health's Innovations Accelerator Team
- **Eric Langshur**, AVIA
- **Dr. Thomas Lee**, Press Ganey Associates

- **Barbara Lubash**, Versant Ventures
- **Sheila Fifer PhD, MA,** NEHI
- **June Simmons**, Partners in Care Foundation
- **Laurence Stuntz**, Massachusetts eHealth Initiative
- **Dr. Krishna Udayakumar**, Global Innovation for Duke Medicine

Health Care Innovation Investment Program

*The **HCII Program:** Focusing patient-centered innovation on Massachusetts' most complex health care cost challenges through investment in validated, emerging models*

Partnership	*Engage in meaningful collaboration to meet patients' needs* • Payers • Employers • Technology Partners • Providers • Social Services • Researchers
Sustainability	*Bring promising delivery and payment innovations to-scale to advance Accountable Care* • Rapid cycle measurement and improvement • Policy-focused evaluation
Costs	*Demonstrate rapid cost savings impact* • Measurable savings within 18 months of operations

HCII program development considerations

Chapter 224 provides guidance on program development process and framework but does not provide detailed specifications for use of funds

1 HPC shall **solicit ideas for payment and care delivery reforms** directly from providers, payers, research / educational institutions, community-based organizations and others

2 HPC must coordinate with other state grant makers

3 Investments must be **evaluated for cost and quality implications**

4 Chapter 224 encourages broad dissemination of learnings and incorporation of successes into ACO certification and state-administered payment reforms

Investments that catalyze care delivery and payment innovations

HCII investing in 'validated innovation'

Research on innovation emphasizes the opportunity for the HPC to focus investments in 'innovation' on 'adaptation' of emerging models rather than the 'invention' of new ones.

Innovation isn't "just about generating new ideas or finding new uses for the iPad. ...Lately, the innovation field has shifted its focus from the generation of ideas to rapid methods of running experiments to test them."

Innovation as Discipline, Not Fad
-David A. Asch, and Roy Rosin
The New England Journal of Medicine, August 19, 2015

"Providers need to actively seek out good ideas that have been tried and refined, bring those ideas home, and adapt them for local use."

Health Care Needs Less Innovation and More Imitation
-Anna M. Roth, and Thomas H. Lee
Harvard Business Review; November 19, 2014

"Good ideas themselves are not innovations; instead, they become innovations when the have economic impact, when they add [business and social] value."

Permanent Innovation
-Langdon Morris
Innovation Academy Publishing; November 19, 2014

Drive sustainable market value by investing in adaptation of promising innovations from the field

HCII Round 1 challenge inclusion criteria

Initial draft challenges were determined by taking cost reduction as its defining goal, and synthesizing best practice approaches to innovation with stakeholder feedback. Those factors guiding challenge inclusion are below.
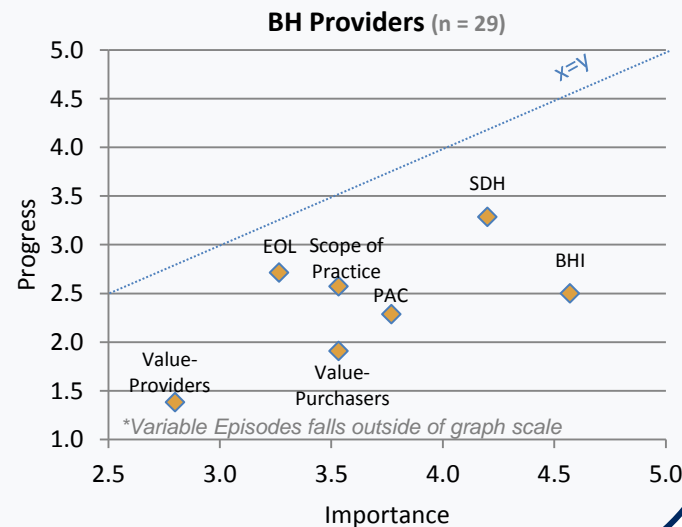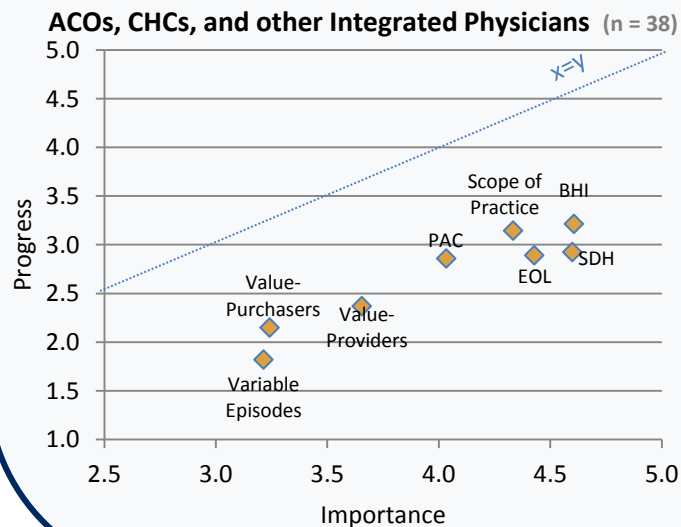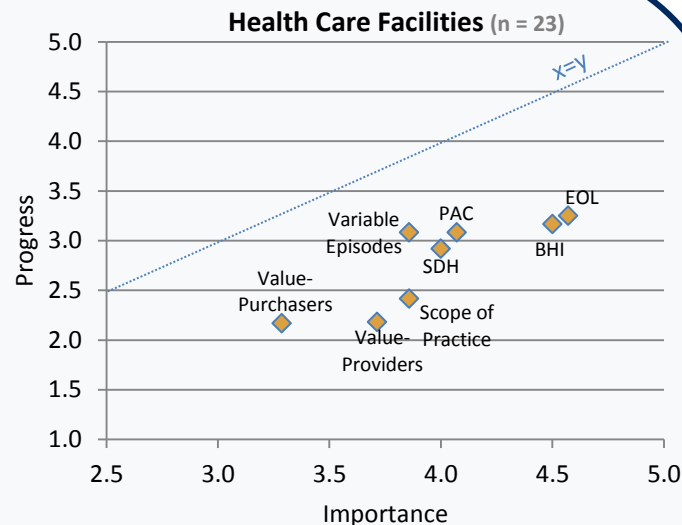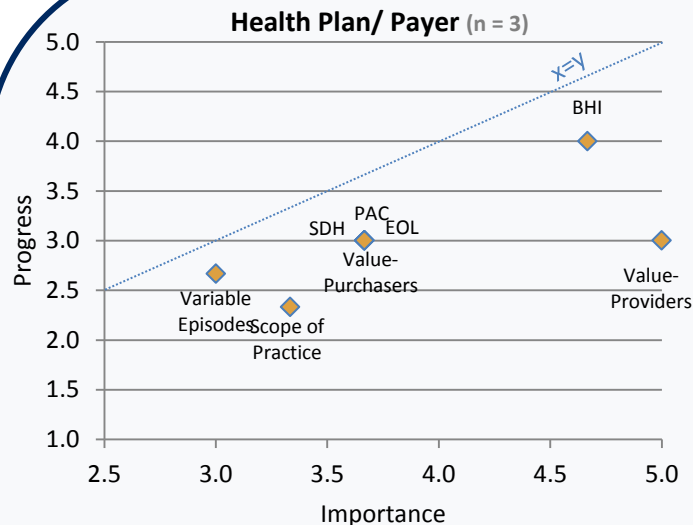
Need	Innovation Opportunity	Feasibility & Sustainability
• **Persistent health challenge** for people, especially the underserved, of Massachusetts • The challenge is a significant **cost driver** that threatens the benchmark and can be improved with equal or better quality	• Existing solutions have made **limited progress** • **Preliminary evidence** of innovation potential already exists • **Synergy** with other Commonwealth investments and certification programs • Demonstrable **market interest** in disruption, primarily through substantially and rapidly changing:	• Challenge is **actionable** by potential applicants • Potential for **sustainability**, translation, and scale • Responsive to interventions enough to demonstrate measurable impacts within approximately **18 months**

Settings	Providers	Costs	Decisions	Tools or Tech

HCII Stakeholder Survey – importance vs progress by respondent type

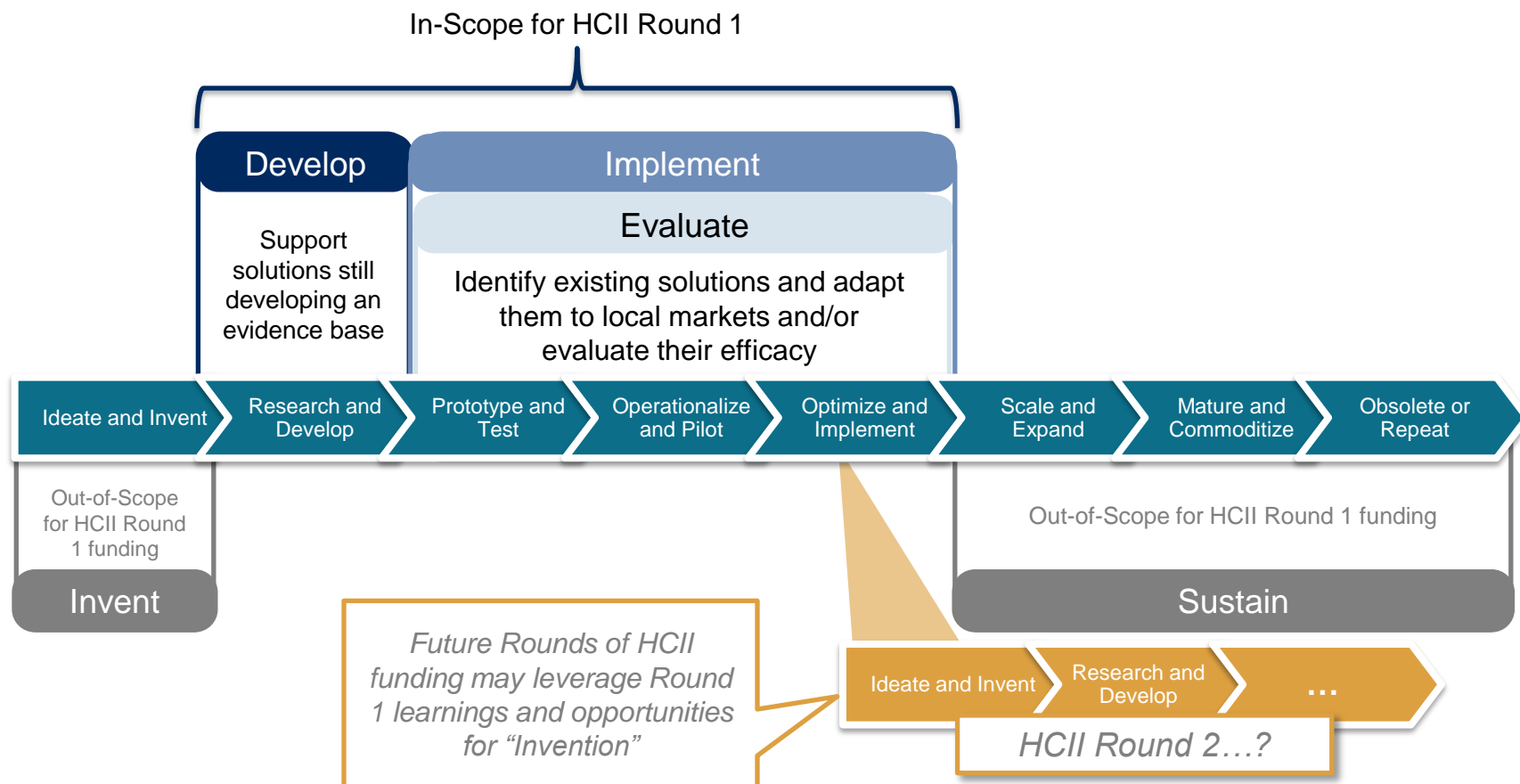No respondent type indicated sufficient Progress in any Challenge.

BHI emerges as the only Challenge indicated as a top priority (≥4) across all respondent types, but great variability exists in all other domains.
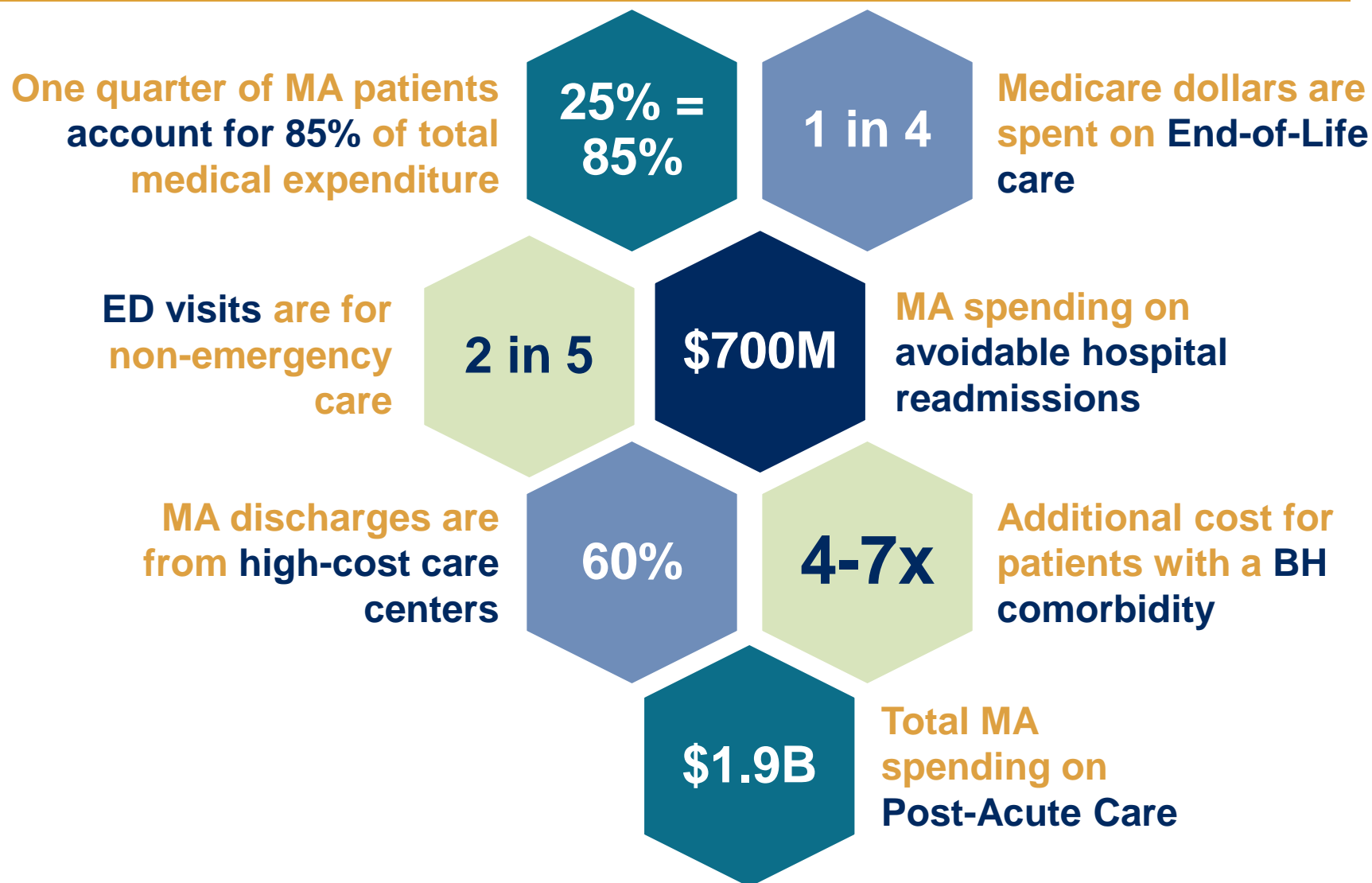

Health Plan/ Payer (n = 3)

Health Care Facilities (n = 23)

ACOs, CHCs, and other Integrated Physicians (n = 38)

BH Providers (n = 29)

*Variable Episodes falls outside of graph scale

Where in the innovation life cycle can HCII be most effective?

HCII may use its funds to develop, implement, or evaluate promising models in payment and service delivery. Within this model framework, HCII Round 1 funding would focus on investment in rapid adoption of existing models with a preliminary evidence base.

1½ – 5-year "Innovation Lifecycle"

In-Scope for HCII Round 1

Develop

Support solutions still developing an evidence base

Implement

Evaluate

Identify existing solutions and adapt them to local markets and/or evaluate their efficacy

| Ideate and Invent | Research and Develop | Prototype and Test | Operationalize and Pilot | Optimize and Implement | Scale and Expand | Mature and Commoditize | Obsolete or Repeat |

Out-of-Scope for HCII Round 1 funding

Out-of-Scope for HCII Round 1 funding

Invent

Sustain

Future Rounds of HCII funding may leverage Round 1 learnings and opportunities for "Invention"

| Ideate and Invent | Research and Develop | … |

HCII Round 2…?

Primary cost drivers in Massachusetts identified by HPC

One quarter of MA patients account for 85% of total medical expenditure

25% = 85%

1 in 4

Medicare dollars are spent on **End-of-Life care**

ED visits are for non-emergency care

2 in 5

$700M

MA spending on avoidable hospital readmissions

MA discharges are from **high-cost care centers**

60%

4-7x

Additional cost for patients with a **BH comorbidity**

$1.9B

Total MA spending on **Post-Acute Care**

HCII Round 1 primary design choice: how should investments be focused?

Stakeholder recommendations were divided between prescribing a narrow focus for investment based on HPC priority areas and allowing a diverse swath of ideas to emerge.
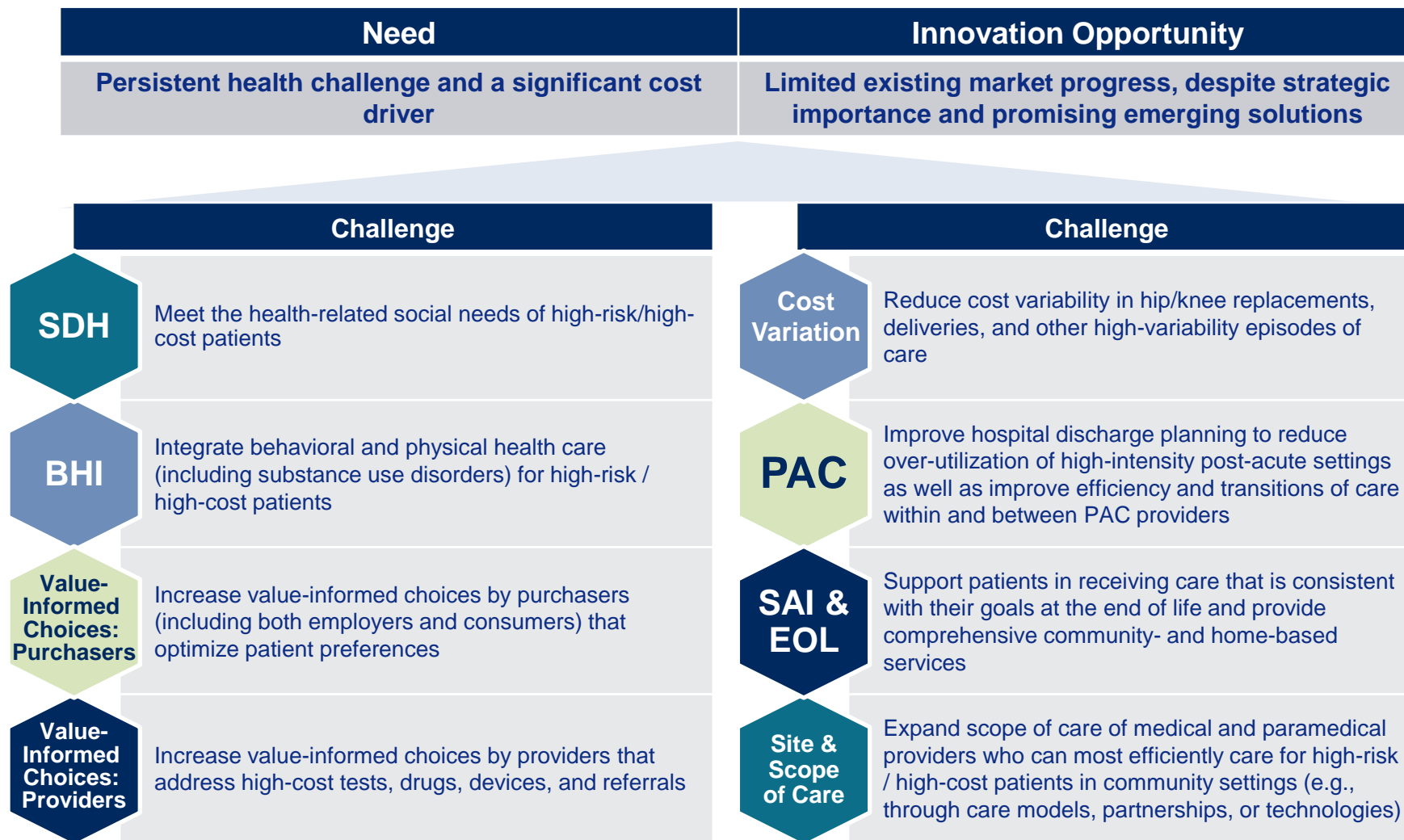
Which framework will generate investments that achieve HCII's Primary Aim?

Primary Aim

Demonstrably Reduce Growth of THCE

HCII

Narrow   Directional   Broad
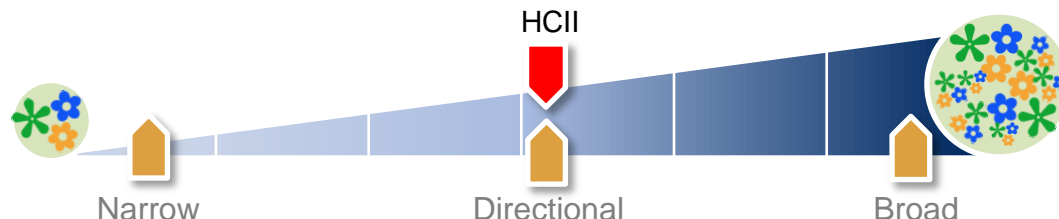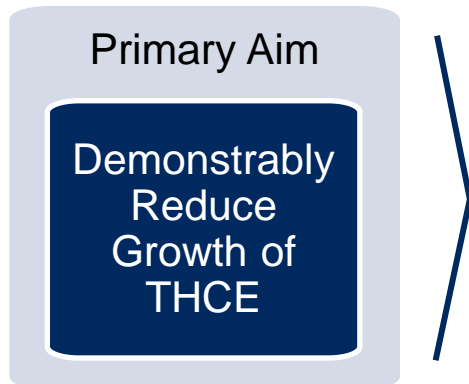
	Directive	Hybrid	"Let 100 Flowers Bloom"
	Allow only 2-3 models for Applicants to scale	*Allow Applicants to inform selection of challenges & models, but ultimately compete by adapting from a focused list*	*Allow Applicants to propose any innovations*
Pros	• Promotes concentrated impact on a specific issue • Builds shared learning community, evidence base, and scale opportunities	• Applicant viewpoints substantially inform models • Focuses effort on select challenges to maximize impact	• Allows broad Applicant choice • Facilitates creativity
Cons	• Drastically limits Applicant choice • Eliminates any potential for creative new models	• (More) complex process may not yield consensus • Emphasizes 'imitation' over 'invention'	• Substantial risk of diluted impact • Difficult to contrast Proposals for selection

HCII Round 1 proposed challenge areas

The HPC outlined inclusion criteria through which 8 Challenges were identified as potential domains applicants may elect to target in their Proposals.

Need	Innovation Opportunity
Persistent health challenge and a significant cost driver	**Limited existing market progress, despite strategic importance and promising emerging solutions**

Challenge		Challenge	
SDH	Meet the health-related social needs of high-risk/high-cost patients	**Cost Variation**	Reduce cost variability in hip/knee replacements, deliveries, and other high-variability episodes of care
BHI	Integrate behavioral and physical health care (including substance use disorders) for high-risk / high-cost patients	**PAC**	Improve hospital discharge planning to reduce over-utilization of high-intensity post-acute settings as well as improve efficiency and transitions of care within and between PAC providers
Value-Informed Choices: Purchasers	Increase value-informed choices by purchasers (including both employers and consumers) that optimize patient preferences	**SAI & EOL**	Support patients in receiving care that is consistent with their goals at the end of life and provide comprehensive community- and home-based services
Value-Informed Choices: Providers	Increase value-informed choices by providers that address high-cost tests, drugs, devices, and referrals	**Site & Scope of Care**	Expand scope of care of medical and paramedical providers who can most efficiently care for high-risk / high-cost patients in community settings (e.g., through care models, partnerships, or technologies)

A unique feature of the proposed program design is to require partnerships that utilize multi-stakeholder approaches to address cost challenges

Patients' health needs and approaches to address health system challenges can be best addressed through partnership between organizations spanning service types.

Partnerships required for award eligibility
Strength of partnerships will be a competitive factor in selection.

Applications will detail how proposed partnerships will collaborate, make decisions, and optimize efficiencies in order to address cost challenge(s).

Examples of strong partnerships may include:

A payer and a provider collaborating to test an innovative payment arrangement to implement a new model for supporting care at the end of life

A health system and a social services provider collaborating to meet the housing or other SDH needs of high risk patients

A payer and a researcher partnering to test a new analytics approach or to provide enhanced evaluation

A professional association and payers / providers partnering to address practice pattern variation and waste
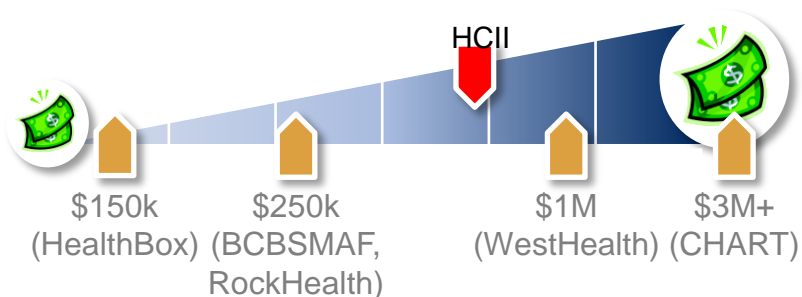
A provider, an employer, and a technology partner to test a model of direct-to-consumer telemedicine offerings to increase employee access to behavioral health services

* Technology firms only selling a product or service to an eligible applicant will not be considered a "technology partner" for the purposes of this program. Partnering vendors will need to demonstrate a collaborative approach to testing an innovative delivery approach, analytic model, tool or other solution.
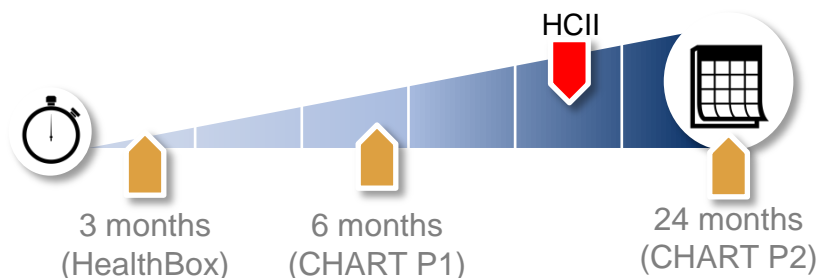
HCII Round 1 award size and duration

Other key design considerations have been made based on comparable grant and investment programs in the marketplace.
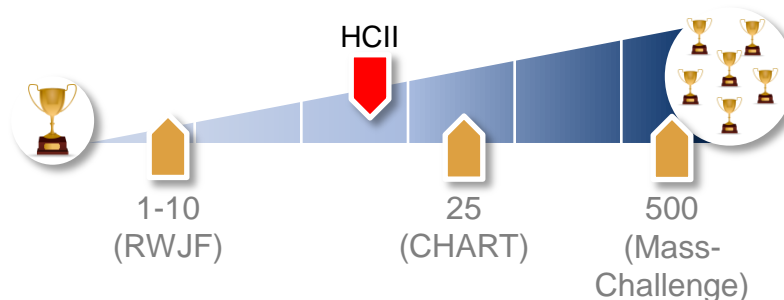
Max HCII Award **Cap**: $750k per award

HCII

$150k (HealthBox) | $250k (BCBSMAF, RockHealth) | $1M (WestHealth) | $3M+ (CHART)

HCII Award **Max Duration**: 18 Months

HCII

3 months (HealthBox) | 6 months (CHART P1) | 24 months (CHART P2)

HCII Number of Awards: 8-12 Awards

HCII

1-10 (RWJF) | 25 (CHART) | 500 (Mass-Challenge)

$5M investment opportunity*

* Funds from the Distressed Hospital Trust Fund may be used to supplement investments from the Health Care Payment Reform Trust Fund for eligible entities (CHART hospitals) selected for awards)

HCII: Innovations Advancing Delivery and Payment Transformation

*The **HCII Program:** Focusing patient-centered innovation on Massachusetts' most complex health care cost challenges through investment in validated, emerging models*
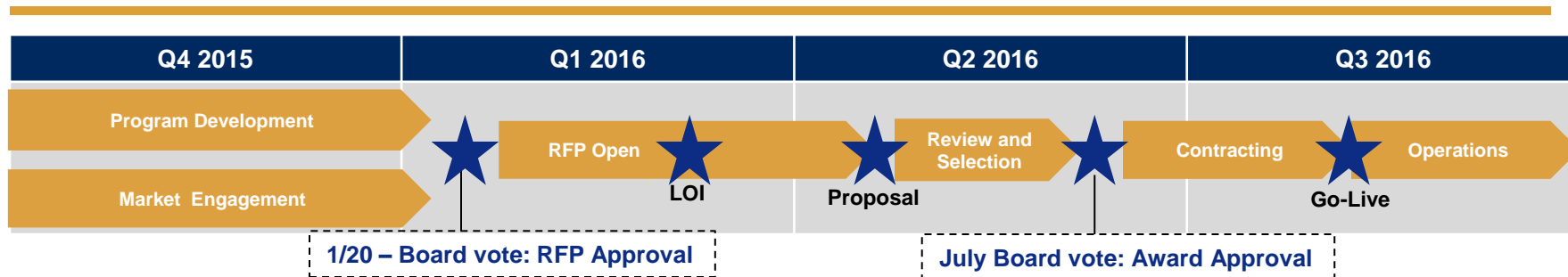

Broad array of eligible Challenges	Capture innovations from a diverse swath of applicants

+

Narrow selection criteria	Define rigorous requirements for high-quality innovation and partnership in order to achieve sustainable cost-reduction

HCII Round 1 RFP Milestones

Q4 2015	Q1 2016	Q2 2016	Q3 2016

Program Development / Market Engagement → ★ → RFP Open → ★ LOI → ★ Proposal → Review and Selection → ★ → Contracting → ★ Go-Live → Operations

1/20 – Board vote: RFP Approval

July Board vote: Award Approval

	RFP Release	LOIs Due	Proposals Due	Review & Selection
RFP Milestones	**February**	**Early April (~5 weeks)**	**Mid May (6 weeks)**	**July**
Description of RFP Framework and Major Activity	RFP will include easy-to-read supporting documents describing each Challenge and detailing select innovative models with a promising evidence base of cost savings	LOIs are required for eligibility, but nonbinding in content. LOIs will describe Applicants' approach to domains including: •Contemplated partnerships •Selected challenge and proposed innovation •Policy relevance for system-wide sustainability •Measurable goal •Estimated funding request •Interest in partnerships with other entities for HPC publication	Applicants who submit or are named in an LOI may submit a Proposal. Proposals will be reviewed based on criteria including: •Impact •Need •Sustainability •Partnerships •Operational Feasibility •"Innovativeness" •Synergy with other state programs	Proposals will be reviewed by a Review Committee consisting of •HPC Commissioners •HPC Staff •Representatives of Massachusetts state agencies •Other subject matter experts
HPC Support	HPC hosts Info Sessions following RFP release	•**Mid-April** – Publish applicant names, challenges, and partnership interests •HPC hosts 2 Info Sessions	N/A	HPC Announces Awards after Board Approval

HCII RFP development summary

	Recommendation	Considerations
Eligible Applicants	• Any **Payer or Provider** (includes a broad array of provider types) • Applicants **must propose partnership**	• The HPC seeks to engage a diverse array of market participants and encourage meaningful partnerships
Award Cap, Duration, and Opportunity	• **$750k award cap** o $500k per year of operations; up to 18 months of operations • **$5 million** total opportunity	• Generate impact while maximizing the number of innovations being funded • Generate measurable outcomes without 'overfunding' beyond HCII's targeted innovation lifecycle phases
Investment Focus	**Globally-emerging**, but **locally relevant** solutions addressing the most **persistent challenges** facing the state	• Minimize risk and achieve cost savings within short timeframe • Combine learnings of HPC programs and research with stakeholder feedback
Matching or In-Kind Funds	• No minimum amount, though **relative contribution** amount will be a **competitive factor** in selection	• Validate strategic importance of project to applicants without unfairly burdening smaller applicants
Application Process	• Require submission of a (non-binding) **Letter of Intent (LOI)** as prerequisite to Proposal • HPC to release companion illustrations of the **best emerging innovations** with a promising **evidence base of cost savings**	• Gain foresight into the field prior to Proposal submission • Make program goals and process accessible to a wide variety of applicants
Selection Factors	• **Impact** - Cost Savings, Quality, and Access • **Evidence Base** Strength • **Innovativeness** – Partnership, Process, Tools • Sustainability • Operational **Feasibility**	• Promote highly competitive process to identify leading edge evidence-based innovations with strongest cost-saving potential • Emphasize value of multi-stakeholder partnerships • Maximize impact on cost savings while prioritizing policy-relevant solutions

Required Activities	• **Measurement**
	   o Patient- and Provider-reported measures
	   o Rapid-cycle improvement
		• Emphasize scalability by requiring customer-centric approaches to evaluation
		• Require rapid cycle evaluation to encourage learning and potential for transference